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## Mark Pamensky CA (SA)

11 West Road South Estate  
FARRINGTON ROAD  
SANDTON  
2196

HOME: 011 888 2600  
CELL: 082 601 8173  
EMAIL: [mark@markpam.com](mailto:mark@markpam.com)

Mrs. Venete Klein  
Chairlady  
People and Governance Committee  
Eskom SOC Limited  
Office of the Secretary  
Mogawatt Park  
Maxwell Drive  
Sunninghill  
Sandton

18 March 2016

Dear Chairlady,

### POTENTIAL CONFLICT OF INTEREST

As you are aware, I resigned as a director of Blue Label Telecom Limited in November 2015 and left their employ earlier this year to establish a niche business consultancy company, Markpam Consulting Group (Pty) Limited ("Markpam"). For a number of reasons including the fact that I, through Markpam enhance the value of entities which retain Markpam's services, it is generally a term of my consultancy that an equity stake in entities to which I consult is secured.

Markpam's has been engaged by Fuel Property Group (Pty) Limited ("FPG") to assist Trillian Advisory (Pty) Limited ("TA"). TA has been engaged by Transnet SOC Limited ("Transnet") to advise on Transnet's Project Factory, a balance sheet optimization and EBITDA enhancement mandate. I have been offered an equity position in FPG in my personal capacity, which I have accepted.

As part of its mandate, TA appointed FPG to investigate the potential value embedded in the Transnet real estate portfolio for EBITDA uplift. Under Markpam's direction, FPG has undertaken an extensive investigation on the portfolio and is providing TA with a list of properties that will provide the required EBITDA uplift. In addition, FPG has developed and now owns the intellectual property to a number of commercial and funding structures that, if implemented, will materially enhance Transnet's balance sheet and its EBITDA.

TA is mandated to advise Transnet and currently FPG's mandate is only to TA. I understand that it is TA's intention to present to Transnet some of the structures that FPG owns. If Transnet decides to implement one or more of these, it is conceivable that at some point in the future FPG may be required to implement the solution.

When Markpam began consulting to FPG, it was to assist with advising TA in regard to its Transnet mandate. I was not aware at the time that TA and/or FPG intends offering a similar balance sheet optimization and EBITDA enhancement service to a number of other State Owned Entities. I now understand this to be fact. It is possible that TA and/or FPG may in the future offer this service to Eskom. I feel that even at this early stage it is important that all parties are made aware of this fact.

In my role as a non-executive director at Eskom I was made aware of Eskom's decision to disinvest from non-core assets. This was clear from the funding plan which I have access to and also in my capacity as chairman of the investment and finance committee and in my involvement with raising of funding for Eskom. It is in the context of this prior knowledge that I have addressed this letter to you. However, I have not been privy to, nor had access to, any documents detailing the exact non-core assets to be disposed of nor the terms thereof nor the desired price in respect thereof.

Only after Transnet has completed its own internal supply chain and procurement procedures will an engagement between Transnet and FPG take place, and then only to the extent that FPG is successful in this process. The same will be true of any engagement with Eskom. It is obviously critical that neither TA, nor FPG has any unfair advantage in this process.

I have made TA and FPG aware of my potential conflict in regards to Eskom and have taken the following steps to avoid any potential conflict: –

- I have instructed TA not to copy me in on, or otherwise include me on, any correspondence that might relate to Eskom;
- I have further agreed to recuse myself from any formal and informal interactions where Eskom is discussed;
- I have agreed with the team at FPG that I need to be isolated from any potential engagement with Eskom, until such time as a transaction with Eskom is concluded. To this extent, I have agreed that we will establish a new IT email infrastructure relating to Eskom to which I will have no access.

Obviously, at Eskom, to the extent that any interactions take place that have any relationship with the Eskom property portfolio or the decision by Eskom to disinvest from its property portfolio, I will recuse myself from these as well. I request that my interest and recusal be formally noted. I shall obviously not take part in any decision making process in relation to this matter. I am advised that the foregoing would constitute a full and complete discharge of my fiduciary duties and responsibilities.

It should also be noted that I am not a member of the tender committee or involved in any process in relation to tenders.

Should you deem it necessary, I would be happy to discuss this with you in person so that we can identify any potential concerns before they take place to enable us to determine a suitable course of action, if necessary.

I would also like you to engage the Department of Public Enterprise so it is made aware of the position as recorded herein after our discussion and the full Eskom board approval.

I look forward to your urgent response.

Yours Faithfully,

Mark Pamensky

CC: Mr Ben Ngubane - Chairman of Eskom SOC Limited  
CC: Mr Zeptembe Khoza - non-executive director  
CC: Mr Giovanni Leonardi – non-executive director  
CC: Mrs Nazia Carrim - non-executive director  
CC: Mr Brian Molefe- Chief Executive officer  
CC: Mr Anoj Singh – Chief Financial Officer  
CC: Mrs Suzanne Daniels - Company Secretary